# City of Avondale

City Council Meeting

**Link to Summary of Council Actions**

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# Summary of Council Actions

## City Council Meeting
## Agenda
## Monday, April 15, 2019

**CITY COUNCIL CHAMBERS | 11465 WEST CIVIC CENTER DRIVE | AVONDALE, AZ 85323**

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## WORK SESSION
## 6:00 PM

### CALL TO ORDER BY MAYOR

**1. ROLL CALL BY THE CITY CLERK**

**2. PARKS SALES TAX BALLOT UPDATE**
City Council **provided** feedback and direction regarding the possibility of referring a ballot question to Avondale Voters in March 2020 for a dedicated city sales tax for parks maintenance and/or park improvements.

**3. FISCAL YEAR 2020 RECOMMENDED BUDGET**
City Council **received** an overview of the Fiscal Year 2020 Recommended Budget as part of the formal adoption process.

**4. ADJOURNMENT**

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Council Members of the City of Avondale will attend either in person or by telephone conference call.

Los miembros del Concejo de la Ciudad de Avondale participaran ya sea en persona o por medio de llamada telefonica.

Individuals with special accessibility needs, including sight or hearing impaired, large print, or interpreter, should contact the City Clerk at 623-333-1200 or TDD 623-333-0010 at least two business days prior to the Council Meeting.

Personas con necesidades especiales de accesibilidad, incluyendo personas con impedimentos de vista u oido, o con necesidad de impresion grande o interprete, deben comunicarse con la Secretaria de la Ciudad at 623-333-1200 o TDD 623-333-0010 cuando menos dos dias habiles antes de la junta del Concejo.

**MINUTES OF THE AVONDALE CITY COUNCIL**
CITY OF AVONDALE, ARIZONA
CITY COUNCIL CHAMBER
April 15, 2019

A **Work Session** of the City Council of the City of Avondale, Arizona was convened at 11465 Civic Center Drive in open and public session at 6:04 p.m.

**Members Present:** Mayor Kenn Weise; Vice Mayor Pat Dennis; Council Members Bryan Kilgore, Veronica Malone, Curtis Nielson and Mike Pineda.

**Members Absent:** Council Member Tina Conde.

**Other Municipal Officials Present:** Charles Montoya, City Manager; Gina Montes, Assistant City Manager; Michael Wawro, City Attorney; Marcella Carrillo, City Clerk; Paul Adams, Fire Chief; Cindy Blackmore, Public Works Director; Jessica Blazina, Intergovernmental Affairs Administrator; Dan Davis, Economic Development Services Director; Lindsey Duncan, Finance and Budget Director; Kirk Haines, Parks and Recreation Director; Craig Jennings, Judge; Chris Lopez, Neighborhood and Family Services Director; Dale Nannenga, Police Chief; Cherlene Penilla, Human Resources Director; Tracy Stevens, Development & Engineering Services Director; Jeffrey Scheetz, Chief Information Officer; and Pier Simeri, Community Relations and Public Affairs Director.

**Audience:** No members of the public were present.

**1. ROLL CALL BY THE CITY CLERK**

**2. PARKS SALES TAX BALLOT UPDATE**

Kirk Haines, Parks and Recreation Director, presented the possibility of referring a ballot question to Avondale Voters in March 2020 for a dedicated city sales tax for parks maintenance and/or park improvements.

Mr. Haines provided the following highlights:

- Goal is to look at alternatives and options regarding how Council would like to move forward with a Sales Tax Initiative with staff recommendation.
- Completed a citizens' focus group on the parks system approximately one year ago which at that time, Council decided to hire park maintenance staff as parks needed improvement, so that process was started and funded from the General Fund.
- At the February 19, 2019 Work Session meeting, Council requested improvement suggestions and operating costs and expenditures.
- Operating costs for Parks are $1.95 million, which is enough funds to sustain parks.
- Council re-invested millions of dollars to renovate structures/parks
- Staff submitted an additional funds request of $300 thousand in next year's operating budget to take care of Festival Fields Park for operating costs, maintenance, and staffing

- Three percent annual inflation increase for inflationary costs.
- New community park in the Alamar Development will have a financial impact of approximately $450 thousand.
- By fiscal year 2023-2024 parks maintenance costs are forecasted to be $3 million annually.
- Although inflationary factor is included, it does not include additional costs to take care of park infrastructure or assets.
- According to last year's survey and the Parks and Recreation Master Plan survey data, the needs for improvement are:
- Park needs and park enhancements:
    - Trails – some sections exist but the plan is to connect a 5-mile trail along the Aqua Fria River between Indian School and Lower Buckeye Roads.
    - Facility Improvements - developing the community center as a recreation center and a study to identify space within the Civic Center for classes. There is a possibility of renovating existing buildings and infrastructure.
    - Pendergast Park and Land Acquisition – project within the Donatela neighborhood development which is north of McDowell Road and East of Avondale Boulevard, school site that may not be developed which the city could acquire additional land to make a neighborhood park.
    - Civic Center Park – location has been identified to develop east of the library (acquired from Maricopa County) into a dynamic activity space such as a splash pad. Access to the public transportation system and centrally located within the city.
    - Las Ligas Park Renovation - park was initially renovated about 1.5 years ago but the additional renovation will allow for growth. The renovation would add additional picnic areas and area lighting similar to Mountain View Park for nighttime use.
    - Friendship Park East Side Renovation - master plan that staff has been working on and developing over the past 3.5 years with an initial investment of $3.5 million for the splash pad and picnic area improvements. Staff are currently working on the lighting in fields 9 and 10. Future improvements include parking lot renovations on the west side, event area, and additional parking on the east side.
    - Neighborhood Parks Improvements - 10-year program with an overall cost of $5 million, to include $500,000 per year to restore and renovate existing infrastructure, picnic ramadas, playgrounds, and restroom facilities.
- At the request of Council, an inventory was conducted which resulted in identified costs, life span, and what it would take to outline that program over the 10-year duration time.

Mayor Weise inquired if the department included the 5% into their budget at this time. Mr. Haines stated that no funding is set aside to replace park inventory or park assets at this time but can look at that as part of this program now that costs have been outlined.

Vice Mayor Dennis inquired on the difference of having the Asset Replacement Fund and the Capital Fund. Mr. Haines explained the 10-year replacement estimates could fall under a capital program and would not identify new costs. Looking at the replacements as an on-going basis would fall under an asset replacement program for existing items

In response to an inquiry by Mayor Weise, Mr. Haines stated the inventory can be taken as an annual program (all asset inventory) or it could be differentiated by years or expense and differentiated by one-time capital as need exists with other items being specified as routine and repetitive yearly

Mr. Haines provided the following highlights:

- Avondale sales tax rate is 2.5%.
- Some alternatives could be considered for a sales tax increase and staff recommends a 0.15% increase, which would generate approximately $2.5 million annually which would be the halfway point for the $5 million project.
- Could consider dedicating that money to specified purposes and projects.
- Currently funded improvements are all out of the General Fund, either on an ongoing basis or on a one-time basis for park operations.
- Staff recommends a tax increase be placed on the March 10, 2020 ballot.
- Working backward, information would need to be provided when distributing the ballot, ballot language developed, and a scheduled work session presenting specific details of what the tax increase should be and how the funds would be used.
- Although it is not required; a citizens' committee could be utilized.
- There is currently a survey online asking residents if they would be interested in maintenance, improvements, both, or none at all.
- Will share information at the Avondale Fiesta Special Event and possibly at the July 4th special event.

Mayor Weise inquired on the current balance in parks bond and if there was anything left after Festival Fields was completed. Mr. Haines stated that the bond program had been taken down to zero with the costs of Festival Fields.

Mayor Weise said that the city needed to have flexibility of having money in all of the bond programs. He would like to see the bonds program for parks to be replenished, although he did not have a dollar figure. He noted that the biggest projects are bond related and not maintenance or ongoing projects. He noted that whatever happened after the park is built is important. He commented on the ability of expanding the sports center, if needed, estimating it to be around $18 million. Mr. Montoya stated it would cost $25 to $30 million.

Mayor Weise noted the importance of identifying projects that enhance the lives of residents, but also bringing in tax dollars. He said that the sports center was probably bigger than any other facility, even Friendship Park, that fits that criteria. He added that it is important to be very specific and stated that he was okay going to the voters for a sales tax increase, as long as the city is very specific about what they were asking to improve such as trails and everything that was listed in the survey. He recalled that a sunset clause was mentioned at the last meeting which he is open to, especially when considering the $3.35 million costs by 2027 and 2028, and by a couple years later it would cap out at

$3.55 million, but it appears this plan would allow the city to do what needed to be done in the areas of operations. He added that a 10-year sunset clause makes sense.

Mayor Weise said that there are two different issues to talk about, one being a bond issue and one being a sales tax increase. He added that Council needs to decide whether sales tax should be increased on purchases of $5,000 or more, opining that the auto mall would give pushback if Council decided to do so.

Council Member Nielson commented on the inventory and assets, inquiring if items that need to be replaced five years and under be done by 5% and all items over that be placed on a capital improvement program. He asked if the items listed are funded through sales tax or through the budget. Ms. Duncan responded that the items presented are separate from the proposed recommended budget.

Mayor Weise asked Council Member Nielson if he was looking at a bond issue as well which Council Member Nielson responded yes to.

Mayor Weise added that he was not married to a sunset clause.

Council Member Kilgore stated that if the voters are okay with it, then he was fine with the 0.15% tax increase and he agrees with the Mayor on not wanting to raise taxes but if the residents saw a need for a tax increase then he is for it. He asked if the 10-year sunset clause should be decreed and inquired on the standard use on a sunset clause. Mr. Montoya stated most of the maintenance and capital would be gained in the first ten years and if it was made smaller than the revenue for replacements would not be achieved.

Council Member Kilgore asked staff to confirm the life of the capital items. Mr. Haines stated a lot of the capital items are higher dollar ramadas, restroom facilities, and large playgrounds which will be between a 12- and 25-year range. He mentioned that modest restorations are completed along the way to make them appear new without having to replace the actual structure. Council Member Kilgore stated he did not have a problem with the sunset clause of ten years.

Mayor Weise asked Council Member Kilgore if he would approve a bond for big capital projects, like the items on the list that was presented by Mr. Haines. Council Member Kilgore inquired on the bond rating which staff replied is still a AAA rating. Mr. Haines clarified that a bond election is required to be placed on a November General Election ballot. Council Member Kilgore inquired if a bond is normal practice which Mayor Weise responded, stating water services and festival fields funding are done through a bond. Council Member Kilgore stated he was good with a future bond.

Council Member Malone stated that she was okay with the sales tax if the survey and voters indicate they saw the need. She added that the bond, 10-year sunset clause, and 0.15% is acceptable.

Council Member Pineda stated he was okay with allowing voters to voice opinions and going with the 0.15% tax increase, with a bond issue, and the 10-year sunset clause.

Vice Mayor Dennis stated she had no problem with the sales tax of 0.15%, or the 2.5%, but she was concerned that a sunset clause would not resolve the issues because in ten years the situation would be the same. She added that in reference to capital improvements and the bond, she agreed, as it was good to have citizens help build that framework, and any other issues that should be added to a bond should be decided by citizens' survey.

Mayor Weise stated that the $5,000 limit on purchases should also be addressed.

Council Member Malone asked whether a replacement fund would be set up so that the 5% funding could be set up, especially if there was not a sunset clause. Mayor Weise stated that it seems incumbent to have a 5% replacement fund. Council Member Malone asked if the sunset clause would correct issues, but then leave the city in the same position after the end of the sunset clause.

Mayor Weise stated that when considering a sunset clause, considering what the voters would vote for, not necessarily what Council wanted. He noted that so far, the city would ask the voters for a sales tax increase in March of 2020, for the 0.15% increase. He added that sales tax initiatives that fail, such as those in Surprise and Peoria, were not specific and were ongoing taxes. Mayor Weise believed that residents will be more interested in accepting a tax change if it is for a set time frame and for particular projects. He had faith that residents would re-approve the sunset clause, whether it was in 10 or 15 years. He also believed that parks would always be important to Avondale, being that it is such a young city. Mayor Weise stated that in ten years, voters could say they were done with the tax increase, which would leave the city looking to find a source of $2.5 million. Vice Mayor Dennis added that a sunset clause is poor management for maintaining the city's facilities.

Council Member Kilgore stated he has faith in his residents and, like the home rule that passes every time, the 10-year sunset clause would be fine.

Mayor Weise commented on the transportation and public safety taxes, stating the transportation tax is incredibly intensive when it comes to capital outlay and funding, it is on-going as well as public safety capital. The growth of the sales tax is in the first five or six years with a smaller increase 10-years out with the inflation increase. He stated that if the voters said no to the sales tax increase, the city could still possibly cover the expense in the budget.

Vice Mayor Dennis stated it is an on-going expense that is no different from any other department and opinioned that she does not understand why a sunset clause should be considered.

Council Member Malone asked what it would look like to have the 5% asset fund with the current projection of revenue funds. Mr. Montoya replied that staff is in the process of developing an asset fund for parks and vehicle replacement, noting staff could figure out how to set aside the 5%. He stated there would be three elections next year and staff will need to figure out how that will be presented to the voters to avoid confusion. Council Member Malone requested the 5% asset replacement information to better decide if a sunset clause is something that she is willing to do. Additionally, she stated that staff has done an amazing job on parks since 2017, and that the community is enjoying the parks. Mr. Montoya stated that staff will be back with the requested information.

Mayor Weise stated that he would like Council Member Conde to weigh in on the matter. He said it is important to give future flexibility for Council and the residents. He added that he respected Council Member Malone's opinion on this matter.

Mayor Weise asked Mr. Montoya if having a bond, a sales tax, and home rule in 2020 would be confusing for voters. Mr. Montoya stated that home rule and candidate election would be in August 2020, bond election would be in November 2020, and sales tax election would be in March 2020. He added that the overlapping would result in potential committees running different parts of the election.

Vice Mayor Dennis suggested the possibility of pushing the bond issue out to 2021 and explained it would be best to move the issue to avoid confusion. Mayor Weise agreed and noted that would give a year to see where the process was.

Mr. Montoya suggested not putting anything on the November Presidential ballot; Mayor Weise agreed.

Council Member Nielson asked if the restrooms and ramada came out of inventory and capital, would reduce the $2.25 million on operating costs. Mr. Haines stated it would not as the information provided does not include the asset replacement program. Mr. Haines explained the information presented is a true operating cost and it is just a snapshot in time that included Alamar and Festival Fields. Dependent upon the capital investment Council may make, numbers would fluctuate from year to year, based on capital investment.

Vice Mayor Dennis reiterated that would mean that the $3.5 million (0.15% sales tax) was maintenance and operations only; replacement costs would require separate dollars, Mr. Haines confirmed this information was correct. Vice Mayor Dennis noted the importance of a long-term plan other than just a sunset clause.

Mr. Montoya stated if the city is going to utilize a portion of the 0.15% sales tax to allocate to bonds for the future, he suggests having a longer sunset clause that is greater than 10 years. Mayor Weise state he approves a longer sunset clause and stated that if he could be convinced over the next 30 days that a sunset clause would not help the discussion, he would go with that.

Mayor Weise asked Council if the tax increase should be included on items over $5,000 with a budget of $3.5 million. Discussion ensued among Council relating to the issue of taxing items under and over $5,000. No members of Council objected to concept of taxing items over $5,000, to help fund the bond items.

### 3. FISCAL YEAR 2020 RECOMMENDED BUDGET

Lindsey Duncan, Finance and Budget Director, presented on an overview of the Fiscal Year 2020 Recommended Budget as part of the formal adoption process.

Council Member Malone inquired on the timeline of the budget if Council had additional questions. Ms. Duncan stated that there are not any additional in-depth discussions scheduled but she is happy to answer any questions.

Vice Mayor Dennis explained that, in the past, departments would present at several Work Session meetings to allow for in-depth discussions. Mr. Montoya stated staff utilized the input received from the December city Council retreat and have been working through the items on their priority lists. He noted that one presentation was the goal but are happy to schedule an additional meeting, if needed.

Vice Mayor Dennis requested the items that were not selected for funding be identified on a separate page so that Council could see what was requested. Mr. Montoya stated that Ms. Duncan had compiled that information for emailing to Council, but the majority of the requested items were funded. Vice Mayor Dennis stated that she would still like to see the items identified, and Mr. Montoya stated that would be provided.

Ms. Duncan provided the following highlights:

- Fiscal year 2020 process and recommendations including a summary and more detailed documents.
- In December, Council held a budget retreat where staff presented opportunities and challenges to Council with an opportunity for Council to provide feedback.
- In February through March, staff conducted work session presentations where overview of budget and mid-year financial status, operating budget presentation, as well as the enterprise funds, and then later presented the top 10 list of capital projects in each section.
- Staff was working to forecast end of year position for the current fiscal year to determine what resources will be available for next fiscal year and forecasting revenues based on information from a variety of sources.
- Finance continued to work with departments to define budget requests, both on operating side as well as the capital side.
- Discussions with city management were held to align requests with Council's priorities as well as the master plans and strategic plans.
- Staff identified several funding objectives.
- Budget continues to maintain financial sustainability, balancing between meeting the needs of today and preparing for the growth and opportunities of tomorrow.
- One of the goals was to best align the benefits of the dollars with those who are paying for the investments.
- Checked ongoing resources with ongoing uses and staff examined how many resources were qualifying as one-time and how many were qualifying as ongoing, which presented opportunities for additional funding.

- Staff also considered maintaining the strategic balances in the General Fund and the enterprise funds.
- Reserve balances are based on an assessment of the city's risk in a number of areas, based on the way revenue is collected and the way it is spent.
- For the General Fund, until total risk can be evaluated, staff is looking at maintaining the recommendations to Council of the 35%.
- Staff will evaluate the level of the enterprise funds and make a recommendation to Council with the update to the rates study this fall.
- Explored expanding and enhancing services where resources are available.
- Continuing to honor commitments to the public in the areas of public safety and in the areas of parks and maintenance.
- Looking at balancing staffing needs in other departments.
- High level overview:
    - Recommended budget totals $269.3 million which is comprised of $233.2 million subject to the expenditure limitation authorized under the Home Rule Election.
    - Identified transfers out of approximately $36.1 million to identify total uses.
    - When compared to Fiscal Year 2019, the budget is essentially the same budget year after year. The Fiscal Year 2019 budget included $40 million for future financing districts for drainage infrastructure that the city has yet to identify the full needs of this project which was reduced from the budget. Therefore, a $39 million increase roughly balances out to approximately the same budget from Fiscal Year 2019 to Fiscal Year 2020.
    - Revenues represent $160.2 million which is approximately 60% of the budget.
    - Transfers-in represent $36.1 million which is 13% of the budget.
    - Use of fund balances represent $73 million.
    - Utilizing some balances that accumulated for other purposes.
    - Sources by type of funds:
        - General Governmental funds utilize 54% which are subject to most of city's services and uses.
        - Special Revenue funds are at approximately $25.9 million.
        - Each of the various funds are dedicated sources that cannot be used for other areas.
        - Enterprise funds utilize 21% at $30 million.
        - Internal Service Funds, where city's risk and worker's Comp insurance is held, is at $5.5 million.
    - General Governmental Sources by Category:
        - Local Taxes are the largest source of government funding at approximately 57%.
        - Intergovernmental Revenue which represents state-shared sales tax and urban revenue sharing (income tax).
        - Charges for Services/Other, at approximately $7 million or 9%.
        - Staff made a commitment to work with departments throughout the year to ensure proper cost recovery recommendations for Council in the Charges for Services area to see if there are opportunities to help increase revenue in this area.

        - Property taxes are approximately $3 million or 4% of the total for general government.
    - Fiscal Year 2020 Revenue trends:
        - Generally forecasting increases in most sales tax categories and our state-shared revenues.
        - A decrease in contracting sales tax, permit revenues, and development fees, due to decreased residential permit activity.
        - Presently only a handful of lots that are ready for permit remain in the city, so until some of the developments that are already approved are ready to start pulling permits (next January), there will be a projected flattening of this source but will still see some activity for the non-residential permitting.
    - Local Sales Tax:
        - See strong showings in the local sales tax, particularly in the retail restaurants and bars, and some of the property rental categories, showing year-over-year increases of approximately 9%, but it is not generally sustainable to continue to forecast the 9% so that has been flattened out to 3% to 4%.
        - Auto dealers are projected at a slight increase as well, although it flattened out from Fiscal Year 2019 estimates from the 2018 actuals, with a $3.5 million estimate on the contracting side. The Fiscal Year 2020 projection is decreased slightly to reflect the decreasing inventory of housing permits.
        - Most other categories have slight increases, or stay flat, so this is a conservative projection which will be continually monitored throughout the year so that any stronger or weaker activity can be considered and presented to Council.
    - General Governmental Revenues:
        - Increases in the intergovernmental revenues.
        - Continue to see Avondale's share of intergovernmental revenues at approximately 1.5% but overall, that revenue source is growing so continue to see the same proportion of that in other cities of the Valley.
        - Permits and licenses has some flattening due to the residential construction activity, as well as charges for services.
        - Property tax is relatively flat, and the sale of assets reflects particular land sales that Council has discussed and agreed upon in Fiscal Year 2019, as well as the projection for Fiscal Year 2020.
        - Other sources are relatively flat.
- Total Budget on a year-over-year basis:
    - Shape and size of each funds remains relatively the same; with the exclusion of capital (has decreased slightly due to the $40 million placeholder in the Fiscal Year 2019 budget), but otherwise spending roughly the same sources in roughly the same areas.
- Operating Uses by Category:

- General Governmental section is $93.1 million or 55% which includes transfers out as the General Fund supports and provides funding for asset replacement as well as capital needs.
- Enterprise Fund section is approximately $32 million or 19%.
- Special Revenue section is 16%.
- Debt Service section is a modest 6%.
- Internal Service section is $7 million.

- General Government:
    - Anticipate beginning the fiscal year with a balance of approximately $53 million and adding approximately $79 million, utilizing about $72 million.
    - The ongoing sources are greater than ongoing uses.
    - Transfers out to support some of the capital projects identified throughout the fiscal year and in prior years' capital plans as well as those projects brought before Council a couple weeks prior.
    - $3 million contingency that is customary.
    - Ending fund balance of approximately $39 million.
    - The reserve amount combined with the General Fund as well as the public safety dedicated sales tax fund is approximately $25.8 million.
    - Ending fund balance is still greater than the reserve amount, which contributes to strong ratings as made by the rating agencies.
- Changes for Fiscal Year 2020:
    - Priorities in Public Safety Area:
        - Five patrol officers which is targeting an improvement with the proactive patrol time based on statistics and study that was done in public safety police department.
        - One school resource officer with anticipate partial reimbursement by the school district.
        - Two park rangers to assist with new parks as they come online.
        - One fire support services technician intended to facilitate the maintenance and deployment of equipment across stations and facilities
    - Priorities in General Operations:
        - One facility maintenance worker which is intended for preventative maintenance and improvement on city buildings and facilities.
        - One recycling coordinator to improve education related to the city's recycling programs.
        - One contract administrator for city-wide contract assistance and to provide education and universal coordination on contracts.
        - One legal services supervisor to support the Legal Department's new team.
    - Priorities in Leadership:
        - Two assistant directors in Development and Engineering Services as well as Neighborhood and Family Services.
        - One Assistant Police Chief.
        - Help expand strategic and daily operational leadership compacity.
    - Accounting Change to Temporary Positions:

    - Temporary positions were not formally calculated in the FTE count which many employees have been working for the city for a long time but were never included in the FTE count. Counting temporary positions does not add resources to the city, but more accurately reflects resources on site.
    - The temporary employees being included in total count have made an increase of 21.5 FTEs in the budget (generally grant-funded or funded through other sources through intergovernmental agreements) so these positions, though temporary, are still generally revenue-dependent, as they rely on grants or other external funding.
- Included employee costs with projected compensation increases, the details of which are still being worked out.
- Accounted for retirement percentage increases (very modest), as well as employer portion of health, dental, and vision insurance.
- Five Year Staffing Forecast:
    - A new five-year capital staffing forecast has been crafted, which identified new funding that would be needed for the upcoming fiscal years as new buildings are opened.
    - This forecast will be reviewed annually as acting upon capital improvement plan and completing projects.
- Capital Improvement Program:
    - Projects identified through staff analysis, contractual obligations and/or Council priority. Feedback comes from discussion among Council, Master Plans and Strategic Plans.
    - Evaluate the capital plan on a multi-year basis to ensure it is funded over the course of five years so if a project is started it will be completed. City Council only appropriates funding for the first fiscal year through the annual budget adoption process.
    - Individual construction contracts are presented to the City Council throughout the year.
- Capital Sources for CIP Fiscal Year 2020:
    - Development impact fees will be utilized as appropriate.
    - Dedicated sales taxes for the water, wastewater, transportation and streets.
    - Bond funding is available, both general obligation and excise tax bonds which were discussed in the past couple of weeks.
    - Operating transfer will be utilized one-time savings in the operating fund, as well as some funds set aside from the General Fund, Enterprise Fund, and Highway User Revenue Fund to fund capital needs.
    - Working with departments to fund all of the departments' replacement programs.
    - Transfers from the General Fund:
        - $9.5 million to continue construction of Festival Fields.
        - $3.3 million for streets construction.
        - $200,000 for the streets portion of historic Avondale.

        - $900,000 interfund loan from the General Fund for property and evidence which will be repaid over time with development impact fees.
        - $1.3 million transferred from the Dedicated Sales Tax Fund for Streets, Water, Sewer and Transportation Half-Cent Sales Tax.
        - $4.5 million transferred from the Enterprise Operating Fund for Water, Sewer, and Sanitization Operating Funds.
        - Recognized a transfer of $5 million from savings within the Highway User Revenue Fund which was subsidized in the past for use on streets capital projects.
    - Property and Evidence Facility funding is included in the budget with partially development impact fee eligible.
    - Festival Fields continued enhancement with a total of $17.5 million to be carried forward for Fiscal Year 2020 with $2 million already expended.
    - Resource Center construction of $11.7 million to be carried forward and included in the Fiscal Year 2020 budget.
    - 107th Avenue and McDowell Road widening project is partially development impact fee eligible.
    - Avondale Boulevard, McDowell and Encanto project is also partially development impact fee eligible with a total budget of $2 million and approximately $1 million in Fiscal Year 2020.
    - Fairway Drive improvements included in the Fiscal Year 2020 budget and is partially development impact fee eligible.

Council Member Malone asked about the exact location of resource center. Mr. Montoya said it would be located on Avondale's property on Eliseo Felix. Ms. Duncan apologized for the incorrect map and stated the correct map would be updated for the final presentation.

Ms. Duncan continued her report:

- Debt Services:
    - On principal and interest on bonds, there are general obligation bonds anticipated at approximately $3.7 million annually, including bonds that will be presented next week to Council for action.
    - Half-cent sales tax for streets, water, sewer, and transit bonds for approximately $6.1 million which will be presented to Council for action as well as other bonds for historic Avondale and water infrastructure.
    - Dysart Road Municipal Development Corporation at approximately $300,000 annually.
    - Total bond payment of $10.1 million for the budget.
- Contingencies:
    - General fund at $3 million.
    - Water and sewer operations at $1 million each.
    - Sanitation, risk management, and public safety dedicated sales tax at $500 thousand each.
    - Highway user revenue fund at $300,000.
    - Fleet services and environmental programs at $100,000 each.

  - Contingencies are for unanticipated, unforeseen needs that may arise in the fiscal year and staff will return to Council as the items are identified.
- Budget Calendar:
  - Formal adoption process outlined in state statute.
  - Tentative budget adoption to be presented on May 6.
  - Between May 6 and June 3, staff will finalize the budget on the state's prepared forms.
  - Public hearing on the property tax and final budget and final budget adoption on June 3.
  - Final adoption of the property tax levy on June 17.
  - Fiscal Year 2020 budget will be effective July 1, 2019.

Mayor Weise thanked Ms. Duncan and opened the floor to comments from Council.

Council Member Malone thanked Ms. Duncan and stated she had several questions, one of which was on the two FTEs for City Manager, as she was under the impression that there would only be one FTE for City Manager and Assistant. Mr. Montoya stated that both FTEs would be kept, with one reclassified to a Deputy City Manager. Council Member Malone asked if staff would be correcting the verbiage in the budget information which Mr. Montoya stated staff would correct the information. Council Member Malone requested staff email acronym information as this information is normally in the back of the budget book. She asked if shifts would be split for park rangers, and Police Chief Nannenga said that there is currently one park ranger on staff and the request would bring that number to three with day shift and night shift. The department will also utilize animal control officers to patrol parks. He added that a schedule would be crafted in conjunction with Parks and Recreation to fit with scheduled activities, to create seven days a week coverage for the parks. In response to a question, Police Chief Nannenga clarified there will be a total of three park rangers.

Mayor Weise stated that more time is needed to review the agenda item and the item would not be completed in one night. He would like to go through the supplemental, as he still wanted further information. He suggested scheduling a work session and acknowledged there is a time crunch. Vice Mayor Dennis suggested reviewing a couple of departments this meeting and continuing a couple of the other departments to the next meeting, to which Mayor Wiese agreed. Mayor Weise stated it would be beneficial for Council Member Nielson to see how the supplementals work due to this being his first budget process. He suggested reviewing the first four departments as listed in the budget book this evening.

Mayor Weise asked about the increase for expenditures by division for each Council Member, and noted his own as an example, at $46,696 for the FY2018-19 budget, but is now at $63,978. Ms. Duncan explained the figures included the compensation and state retirement and are based on the state actuarial studies.

Council Member Malone asked about the retirement fund with three Council Members already enrolled in the Arizona State Retirement System. Ms. Duncan explained that the payments are made into a legacy retirement system for the Council Members who were in the old system before it was finished. There are contributions for newer members into the legacy system only. Ms. Duncan stated that staff could review that in detail and ensure correctness.

Vice Mayor Dennis inquired if funds are put into the system for future Council Members since she is in the old system and not eligible for the new system. Ms. Duncan explained that the contributions for the older system are much higher than the newer system, based on the unfunded liability that the system carries, and the greater number of retirees compared to the fewer number of people paying into it. Vice Mayor Dennis inquired if the city is required to pay for her even though she does not receive the benefit to which Ms. Duncan stated yes, the city does pay. Ms. Duncan explained EORP (Elected Officials' Retirement Plan) was closed to new members.

Mayor Weise asked Mr. Montoya for information on the new Deputy City Manager. Mr. Montoya explained that, as before, there were two Assistant City Managers, but he did not believe that was necessary. He added that he and Ms. Montes were consistently busy, with a lot of projects that could be handled interdepartmentally or other meetings that occurred throughout the city. He noted that he and Ms. Montes could not attend them all, so this would allow them to move forward with a lot of the current level of communication and project management throughout the department. Mayor Weise asked if the new employee would be in charge of special projects. Mr. Montoya stated they would and will work through the process along the way.

Vice Mayor Dennis inquired on the Veterans' Success Project supplemental with a dedicated $20 thousand. Before approving the funding each year, she requested a written report to include how the funding is being utilized, how many people are being serviced, as well as how many are from Avondale. Council Member Malone stated during the first time the item was presented, it was stated that they would be coming to Council and presenting that information. Mayor Weise agreed, stating that any organization such as GPEC or WESTMARK, should provide an annual report to Council. Mr. Montoya stated that Ms. Blazina and Mr. Davis are currently working to develop some sort of written agreement with both WESTMARK and the Chamber. In response, Ms. Blazina stated that there is a current contract with GPEC and staff are currently working to create one for the Southwest Valley Chamber of Commerce and WESTMARK. Vice Mayor Dennis stated that is a requirement with the non-profit groups, so the stated groups should be held to the same standard. Mr. Montoya agreed, stating the groups need to have some sort of deliverable to keep a bench mark on what the group is doing.

Vice Mayor Dennis noted that the Intergovernmental Affairs and Executive Management Assistant had been moved and requested the subtitle be corrected to be consistent with the other departments on the chart. Mr. Montoya stated the information would be corrected.

Mayor Weise asked, if Council approved the budget, the timeline on seeking a Deputy City Manager. Mr. Montoya stated that staff desired to start recruiting now and, if Council approved to keep the position, have someone on staff as soon as possible. Council

Member Malone asked if a hiring firm would be utilized, and Mr. Montoya stated that Cherlene Penilla, Human Resources Director, and staff would be recruiting directly.

Mayor Weise asked for feedback from Mr. Wawro, who stated that interviews had been conducted, and he anticipated having a full team by June. Council Member Malone asked about the previously discussed Legal Assistant that is not listed in the current vacant positions. Ms. Duncan stated the four initial positions were approved by Council mid-year and the Legal Assistant position to be filled in the Fiscal Year 2020 budget process. Council Member Malone and Vice Mayor Dennis stated their budget books do not show the added position under the supplemental requests. Mayor Weise clarified there is one FTE described as Legal Department on-going, one-time for a total of 54,260. Ms. Duncan stated that position is the one new position for July 1st and the other four positions have already been approved.

Mr. Wawro stated the intent was to have three attorneys: City Attorney, Deputy City Attorney, and Assistant City Attorney, with two staff members identified: Legal Supervisor/Paralegal, doing office administration and high-level paralegal work, and a Legal Services Specialist which will be an administrative support staff. The two administrative staff will support the three attorney positions. Ms. Duncan stated that the $54,000 total also included software. Vice Mayor Dennis stated that should be clearer in the budget, rather than just the words legal department.

Mr. Montoya explained that each department moved their IT related budget items to the IT Department's budget.

Mayor Weise asked Ms. Duncan and Mr. Scheetz if the amount proposed for the Financial ERP System Update would adequately cover all the issues department had previously mentioned, minus staffing needs. Ms. Duncan said that it would, stating some of the costs were for budget preparation, but Fiscal Year 2020's budget includes software that will make the process more efficient and effective. Additional $200 thousand will be requested for the next fiscal year.

Council Member Malone stated it makes sense to move the IT related budget items and inquired if the items would fall under IT or stay under the designated specialized area. Mr. Mr. Scheetz stated that from a tracking and implementation standpoint, everything will come through IT, but staff will work with the departments as they are the experts to make sure the software ultimately meets their needs and fits the overall goal for the city. Council Member Malone asked if additional staff is needed to manage the tasks which Mr. Scheetz responded no, not today.

Council Member Pineda asked if more research would need to be done to ensure the software is appropriate, or if the projected figure is a hard cost. Ms. Duncan stated that the budgeted amount is a projection based on the modules that were originally presented to staff when they were looking to upgrade. There are several pieces of the software that can be purchased which will be addressed as the project progresses.

Vice Mayor Dennis asked about the software maintenance increases supplement, noting that it is for video maintenance system to store footage for buildings and security cameras, but wondered if traffic cameras will be addressed. Mr. Scheetz stated the mentioned supplement is for building cameras only and does not address traffic cameras, mentioning maintenance on traffic cameras is managed by ADOT and the traffic division. Additional cameras or upgrades would be classified somewhere else.

Mayor Weise asked if Microsoft One Drive and SharePoint backup, as well as cloud-based disaster recovery went hand in hand. Mr. Scheetz stated they do, but one could go without the other. He explained that One Drive and SharePoint backup allows the city to perform backup, but once it is in the cloud, there is no control over backups. Therefore, if there was file encryption, the city would have to rely on Microsoft to get backup information, whereas with this software, it would be in the city's control and staff could restore to a date with a push of a button. The disaster recovery portion is possible in the cloud. Mr. Sheetz added that this item was not a full recovery plan but would help to show what would be needed for the future.

Mayor Weise inquired on the public's Wi-Fi assessment, and what the $50,000 would do. Mr. Sheetz stated that the program would help identify if the public would utilize the system before they invest millions of dollars as well as see what is involved to implementing this type of service. Mayor Weise agreed that is assumed what the residents want and need but it is best to find out for sure.

Council Member Kilgore stated that since some of the high school has bad connection, Agua Fria being one of them, are the high schools able to partner with the city or piggyback off the city's Wi-Fi. Mr. Scheetz stated that the schools could look at the assessment and see what is available which might be an indication of buildings and penetration. Council Member Kilgore mentioned that it is not uncommon for the connection to drop when students are taking tests and wondered if the Wi-Fi would be a central location at City Hall or throughout the city. Mr. Sheetz clarified it would be throughout the city. Mr. Montoya explained the initial assessment is to explore Wi-Fi at public spaces first, and around the water towers, looking to see the length of the net and bandwidth research. Council Member Kilgore explained he was inquiring to see if we could help some of the members of the community.

Council Member Malone asked if the city could collaborate with agencies who are updating fiber optics since they are already coming to the city seeking approvals. Mr. Montoya said that type of system is already implemented through agreements with the schools. At the same time, the IT department adds the necessary wires when construction of the ground is being conducted, such as the recent construction at Festival Fields Park. Mr. Montoya explained that staff is ensuring the agreements are in place whether it be school districts or county buildings. In response to an inquiry by Council Member Malone, Mr. Montoya clarified an agreement is in place with Littleton for fiber optics.

Mayor Weise stated that Council will review items five through nine, stating Council will focus more on the supplementals. He noted that Vice Mayor Dennis would be calling in. Mayor Weise noted that May 6$^{th}$ could be another possible work session. He said the next meeting will begin at 6:00 p.m., and Mr. Montoya said that the agenda would be adjusted for that.

Mayor Weise inquired on the next meeting agenda. Ms. Carrillo stated there were four regular agenda items with two work session items, 2019-2020 HUD Annual Action Plan, and a transit update. Mayor Weise asked if those could be pushed back, and Mr. Montoya stated that the HUD Action Plan would need to stay, however, the transit update can be pushed back. Ms. Carrillo stated that a right-of-way annexation item and two bond items from Ms. Duncan are on the agenda.

Council Member Malone requested Community Relations be discussed tonight.

Council Member Nielson noted that a Citizen Academy recognition is scheduled on May 6th at 6:30, which prompted Mayor Weise to suggest a special work session.

Mayor Weise said that the next Council meeting is scheduled for April 22nd and he would be out of town on the 29th but could dial in. He recommended considering the Community Relations this evening and Council Member Malone suggested they review Community Relations and non-departmental. The meeting on April 22nd and April 29th to review the rest of the budget items.

Ms. Duncan explained the Graphic Designer employee was a temporary employee who was funded on a half-time basis, so staff is now recommending funding for the other half-time of the FTE. This is an accounting change but does not change overall resources. Mayor Weise inquired on the length of time the employee has been with the city. In response, Ms. Simeri explained she has been with the city for a couple of years.

Vice Mayor Dennis asked about the $69 thousand cost increase for the RAVE Review printing and mailing. Ms. Simeri said that printing costs have increased, and postage has increased significantly. Additionally, she added that there were some households that were not accounted for in the past, but those households have now been included in the delivery. Ms. Simeri thanked Council Member Nielson for identifying several homes near ISM Raceway that were previously missed.

Council Member Kilgore stated he approves the Graphic Designer supplemental request.

Vice Mayor Dennis asked for a walk-through of the public arts funds, since last year Council had approved an increase to $50 thousand from $25 thousand that was to be dedicated to public art, and she was unable to see that in the report. Ms. Simeri stated she did not recall increasing it to $50 thousand, and Vice Mayor Dennis stated the discussion was held during the budget work session last year. She stated a good art project could cost up to $200 thousand which could take several years to generate the funding so last year it was decided to put $50 thousand towards the project to see what it might do. She added that in order to do the historic cemetery project last year, the City had to go to the public arts in order to get funding which the city is doing internal and external projects. Mr. Montoya stated staff can increase the public art fund to $25 thousand if Council was okay with that. Mayor Weise polled the Council, and no objections were made.

Mayor Weise moved on to the non-departmental budget.

Vice Mayor Dennis stated that the cemetery maintenance was projected at $12,274, and she recalled that in the past, there had been discussion of additional upgrades, but she was not finding that in the report. Mr. Haines provided an update, noting that there was a request in the capital improvement plan for some additional improvements to the cemetery. Although it was not identified as such in the non-departmental, it was in the capital improvement plan for next year. Vice Mayor Dennis stated she must have missed it and asked what was accomplished this year at the cemetery. Mr. Haines said there has been a delay due to the process of adding electric to the site, but it should be in place in the next month or two. An automated gate system, the public art piece, and irrigation system renovation will be complete by the end of Fiscal Year 2020. Vice Mayor Dennis inquired if the funding would be carried over if the project is not completed to which Mr. Haines responded yes, the funding would be carried over if needed.

Council Member Malone asked if dust mitigation was completed at the historic cemetery, and Mr. Haines stated it is part of next year's request, including modifying the parking lot, and looking at the western access point. He added that there were a series of items identified in a two or three-year program.

Mr. Haines stated that this year's funding of $150,000 plus an additional $50,000 would cover the irrigation system repairs, the automated gate system, the public art piece, and bringing electrical to the site, which would also include site lighting on the walkway and bollards which are all covered by this year's and previous year's funding which are anticipated to be complete by the end of this fiscal year. The new request is for parking lot renovations and dust mitigation for the Fiscal Year 2019-2020 budget.

Mayor Weise requested that Vice Mayor Dennis review the items for next week, and she did so, listing items 7 through 12 as:

- Finance and Budget
- Human Resources
- Development and Engineering Services
- City Clerk
- Police
- City Court

**4. ADJOURNMENT**

There being no further business before the Council, Council Member Kilgore moved to adjourn the meeting; seconded by Council Member Malone.

Upon vote, the motion was carried unanimously 6 to 0.

Council Member Kilgore Aye

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| Council Member Malone | Aye |
| Council Member Nielson | Aye |
| Council Member Pineda | Aye |
| Vice Mayor Dennis | Aye |
| Mayor Weise | Aye |

Meeting adjourned at 8:07 p.m.

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Mayor Kenn Weise

CERTIFICATION AND ATTESTATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Work Session of the Council of the City of Avondale held on the 15th day of April 2019. I further certify that the meeting was duly called and held and that the quorum was present.

___________________________________
Marcella Carrillo, CMC
City Clerk